NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid-Up With 640 Acres Pooling Provision

PAID-UP OIL AND GAS LEASE

(No Surface Use)

THIS LEASE AGREEMENT is made this day of day completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described

0.1986 acres of land more or less, being Lot 45 in Block 16 of Midway Park Addition to the City of Euless, with a Rededication of the First Increment of Midway Park, being a tract of land out of the James P. Halford Survey, Abstract No. 711, according to the Plat thereof recorded in Volume 388-10, Page 109 of the Plat Records of Tarrant County, Texas, and being more particularly described in Volume 4695, Page 28, Deed Records, Tarrant County, Texas.

in the County of Tarrant, State of TEXAS, containing <u>0.1986</u> gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of THREE (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

- effect pursuant to the provisions hereof.
- or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or tins lease is otherwise maintained in effect pursuant to the provisions hereof.

 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor's a follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty-Five-Percent(25%) of such production, to be delivered at Lessee's option to Lessor's option to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field (or if there is no such price then prevailing in the same field (or if there is no such price then prevailing in the same field (or if there is no such price the prevailing price) for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field, or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or fands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such wells are waiti

- 4. All shuf-in roysity payments under this lease shall be paid or lendered to Lessor's credit in <u>at Lessor's address, address, address, address</u>, which shall be Lessor's depository agent for receiving payments receiving payments receiving payments receiving payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor stat the last address known to Lessoe shall constitute proper payment. If the depository should liquidate to be succeeded by another institution, or for any reason fail or returns to accept payment hereunder, Lessor shall, at Lessor's sequest, deliver to Lessoe a proper recordable instrument naming another institution, or for any reason fail or returns to accept payment hereunder, Lessor shall, at Lessor's sequest, deliver to Lessoe appropriate of the depository agent to receive payments.

 5. Except as provided for Paragraph 5 or the action of very governmental authority, when in the event between the provisions of Paragraph 5 or the action of very governmental authority, when in the event live provisions of Paragraph 5 or the action of very governmental authority, when in the event lessoe is not otherwise being maintained in force or it shall nevertheless remain in force in the provision of Paragraph 5 or the action of very governmental authority, when in the event of the primary term, or at any time thereafter, this lesso is not otherwise being maintained in force but Lessoe is the engaged in diffiling, eventually an expensive provision of the primary term, or at any time thereafter, this lesso is not otherwise being maintained in force to long as any one or more of such operations are prescribed to obtain or resident primary and the primary term, or at any time thereafter, this lesso is not otherwise being maintained in force to that Lessoe is then engaged in drilling, eventually an expensive primary term, or at any time thereafter, this lesso is not otherwise being maintained in force but Lessoe is the engaged
- such part of the leased premises.

 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duty authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

- * 49. *Lèssee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of d by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest ses all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionate. the area covered by this le in accordance with the net acreage interest retained hereunder.
- It cesses releases all of an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay of tender shuf-in royanies shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises developing, producing or marketing from the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or implied, shall be subject to
- e, mis lease shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

 In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase fr
- 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the tand described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to oso.
- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes,
- mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

 16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other
- 17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term a sum of \$500/acre along with the same terms and conditions as granted for this
 - 18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges

that no representations or assurances were made in the negotiation of this lead conditions. Neither party to this lease will seek to alter the terms of this trans- essors/oil and gas owners.	ase that Lessor would get the highest price or different terms depending on future ma action based upon any differing terms which Lessee has or may negotiate with any o
IN WITNESS WHEREOF, this lease is executed to be effective as of the dat neirs, devisees, executors, administrators, successors and assigns, whether or no	le first written above, but upon execution shall be binding on the signatory and the signator this lease has been executed by all parties hereinabove named as Lessor.
LESSOR (WHETHER ONE OR MORE)	
Martha Sue Freeman	
STATE OF TEXAS COUNTY OF TARRANT This instrument was acknowledged before me on the 30 day of Oblice	NOWLEDGMENT OUC 2010, by Martha Sue Freeman
Samuel David Gunn My Commission Expires 10/21/2014	Notary Public, State of Texas Notary's name (printed): Samuel David Gome Notary's commission expires: 10 - 21 - 2014
STATE OF TEXAS	NOWLEDGMENT
COUNTY OF TARRANT This instrument was acknowledged before me on the day of	2010 , by
	Notary Public, State of Texas
	Notary's name (printed):
	No. As multi-second color coming as

MARY LOUISE GARCIA

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

KASTNER LAND SRVS **777 MAIN STREET 3490** FTW, TX 76102-5304

Submitter: KASTNER LAND SRVS

DO NOT DESTROY WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration:

1/6/2011 10:52 AM

Instrument #:

D211003806

LSE

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PGS

\$20.00

Mary Louise Garcia

D211003806

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: DBWARD